



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5040

Introduced 1/27/2022, by Rep. Dave Severin

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Provides that if an in-State retailer or serviceman bids on a purchase order or contract to provide materials, equipment, or supplies to a municipality with a population under 1,000,000, and that purchase order or contract involves an amount in excess of \$25,000, then the municipality may apply to the Department of Revenue for a certificate of exemption from the taxes imposed under specified local provisions of the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act for the in-State retailer or serviceman, or a third-party supplier of the retailer or serviceman, with respect to the materials, equipment, or supplies covered by the bid if: at least one other bid is received from an out-of-State retailer or serviceman; the in-State retailer or serviceman demonstrates the necessity of the exemption in order to submit the lowest responsible bid, including substantive proof furnished by the retailer or serviceman to the municipality or the Department of Revenue; and the in-State retailer provides an itemized estimate of cost to the corporate authorities of the municipality. Defines terms. Makes confirming changes in the following Acts and Codes: the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Counties Code, the Illinois Municipal Code, the Salem Civic Center Law of 1997 of the Civic Center Code, the Metropolitan Pier and Exposition Authority Act, the Flood Prevention District Act, the Metro-East Park and Recreation District Act, the Local Mass Transit District Act, the Regional Transportation Authority Act, and the Water Commission Act of 1985. Effective immediately.

LRB102 23725 HLH 32914 b

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by adding Section
6 2505-805 as follows:

7 (20 ILCS 2505/2505-805 new)

8 Sec. 2505-805. Exemption for materials, equipment, or
9 supplies of a bid.

10 (a) As used in this Section:

11 "In-State retailer or serviceman" means a retailer or
12 serviceman with a principal place of business located in the
13 State.

14 "Local provisions of the Use Tax Act, the Service Use Tax
15 Act, the Service Occupation Tax Act, and the Retailers'
16 Occupation Tax Act" means use taxes or occupation taxes
17 imposed under the Counties Code, the Illinois Municipal Code,
18 the Salem Civic Center Law of 1997 of the Civic Center Code,
19 the Metropolitan Pier and Exposition Authority Act, the Flood
20 Prevention District Act, the Metro-East Park and Recreation
21 District Act, the Local Mass Transit District Act, the
22 Regional Transportation Authority Act, and the Water
23 Commission Act of 1985.

1 "Out-of-State retailer or serviceman" means a retailer or
2 serviceman with a principal place of business located outside
3 of the State.

4 (b) If an in-State retailer or serviceman bids on a
5 purchase order or contract to provide materials, equipment, or
6 supplies to a municipality with a population of less than
7 1,000,000, and that purchase order or contract involves an
8 amount in excess of \$25,000, then the municipality may apply
9 to the Department of Revenue for a certificate of exemption
10 from the taxes imposed under local provisions of the Use Tax
11 Act, the Service Use Tax Act, the Service Occupation Tax Act,
12 and the Retailers' Occupation Tax Act for the in-State
13 retailer or serviceman, or a third-party supplier of the
14 in-State retailer or serviceman, with respect to the
15 materials, equipment, or supplies covered by the bid if all of
16 the following conditions apply:

17 (1) at least one other bid is received from an
18 out-of-State retailer or serviceman;

19 (2) the in-State retailer or serviceman demonstrates
20 the necessity of the exemption in order to submit the
21 lowest responsible bid under the guidelines provided under
22 Division 9 or 10 of Article 8 of the Illinois Municipal
23 Code, including substantive proof furnished by the
24 retailer or serviceman to the municipality or the
25 Department of Revenue; and

26 (3) the in-State retailer provides an itemized

1 estimate of cost to the corporate authorities of the
2 municipality.

3 Section 10. The Use Tax Act is amended by changing Section
4 3-5 as follows:

5 (35 ILCS 105/3-5)

6 Sec. 3-5. Exemptions. Use of the following tangible
7 personal property is exempt from the tax imposed by this Act:

8 (1) Personal property purchased from a corporation,
9 society, association, foundation, institution, or
10 organization, other than a limited liability company, that is
11 organized and operated as a not-for-profit service enterprise
12 for the benefit of persons 65 years of age or older if the
13 personal property was not purchased by the enterprise for the
14 purpose of resale by the enterprise.

15 (2) Personal property purchased by a not-for-profit
16 Illinois county fair association for use in conducting,
17 operating, or promoting the county fair.

18 (3) Personal property purchased by a not-for-profit arts
19 or cultural organization that establishes, by proof required
20 by the Department by rule, that it has received an exemption
21 under Section 501(c)(3) of the Internal Revenue Code and that
22 is organized and operated primarily for the presentation or
23 support of arts or cultural programming, activities, or
24 services. These organizations include, but are not limited to,

1 music and dramatic arts organizations such as symphony
2 orchestras and theatrical groups, arts and cultural service
3 organizations, local arts councils, visual arts organizations,
4 and media arts organizations. On and after July 1, 2001 (the
5 effective date of Public Act 92-35), however, an entity
6 otherwise eligible for this exemption shall not make tax-free
7 purchases unless it has an active identification number issued
8 by the Department.

9 (4) Personal property purchased by a governmental body, by
10 a corporation, society, association, foundation, or
11 institution organized and operated exclusively for charitable,
12 religious, or educational purposes, or by a not-for-profit
13 corporation, society, association, foundation, institution, or
14 organization that has no compensated officers or employees and
15 that is organized and operated primarily for the recreation of
16 persons 55 years of age or older. A limited liability company
17 may qualify for the exemption under this paragraph only if the
18 limited liability company is organized and operated
19 exclusively for educational purposes. On and after July 1,
20 1987, however, no entity otherwise eligible for this exemption
21 shall make tax-free purchases unless it has an active
22 exemption identification number issued by the Department.

23 (5) Until July 1, 2003, a passenger car that is a
24 replacement vehicle to the extent that the purchase price of
25 the car is subject to the Replacement Vehicle Tax.

26 (6) Until July 1, 2003 and beginning again on September 1,

1 2004 through August 30, 2014, graphic arts machinery and
2 equipment, including repair and replacement parts, both new
3 and used, and including that manufactured on special order,
4 certified by the purchaser to be used primarily for graphic
5 arts production, and including machinery and equipment
6 purchased for lease. Equipment includes chemicals or chemicals
7 acting as catalysts but only if the chemicals or chemicals
8 acting as catalysts effect a direct and immediate change upon
9 a graphic arts product. Beginning on July 1, 2017, graphic
10 arts machinery and equipment is included in the manufacturing
11 and assembling machinery and equipment exemption under
12 paragraph (18).

13 (7) Farm chemicals.

14 (8) Legal tender, currency, medallions, or gold or silver
15 coinage issued by the State of Illinois, the government of the
16 United States of America, or the government of any foreign
17 country, and bullion.

18 (9) Personal property purchased from a teacher-sponsored
19 student organization affiliated with an elementary or
20 secondary school located in Illinois.

21 (10) A motor vehicle that is used for automobile renting,
22 as defined in the Automobile Renting Occupation and Use Tax
23 Act.

24 (11) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

1 State or federal agricultural programs, including individual
2 replacement parts for the machinery and equipment, including
3 machinery and equipment purchased for lease, and including
4 implements of husbandry defined in Section 1-130 of the
5 Illinois Vehicle Code, farm machinery and agricultural
6 chemical and fertilizer spreaders, and nurse wagons required
7 to be registered under Section 3-809 of the Illinois Vehicle
8 Code, but excluding other motor vehicles required to be
9 registered under the Illinois Vehicle Code. Horticultural
10 polyhouses or hoop houses used for propagating, growing, or
11 overwintering plants shall be considered farm machinery and
12 equipment under this item (11). Agricultural chemical tender
13 tanks and dry boxes shall include units sold separately from a
14 motor vehicle required to be licensed and units sold mounted
15 on a motor vehicle required to be licensed if the selling price
16 of the tender is separately stated.

17 Farm machinery and equipment shall include precision
18 farming equipment that is installed or purchased to be
19 installed on farm machinery and equipment including, but not
20 limited to, tractors, harvesters, sprayers, planters, seeders,
21 or spreaders. Precision farming equipment includes, but is not
22 limited to, soil testing sensors, computers, monitors,
23 software, global positioning and mapping systems, and other
24 such equipment.

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (11) is exempt from the
6 provisions of Section 3-90.

7 (12) Until June 30, 2013, fuel and petroleum products sold
8 to or used by an air common carrier, certified by the carrier
9 to be used for consumption, shipment, or storage in the
10 conduct of its business as an air common carrier, for a flight
11 destined for or returning from a location or locations outside
12 the United States without regard to previous or subsequent
13 domestic stopovers.

14 Beginning July 1, 2013, fuel and petroleum products sold
15 to or used by an air carrier, certified by the carrier to be
16 used for consumption, shipment, or storage in the conduct of
17 its business as an air common carrier, for a flight that (i) is
18 engaged in foreign trade or is engaged in trade between the
19 United States and any of its possessions and (ii) transports
20 at least one individual or package for hire from the city of
21 origination to the city of final destination on the same
22 aircraft, without regard to a change in the flight number of
23 that aircraft.

24 (13) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages purchased at retail from a retailer, to the

1 extent that the proceeds of the service charge are in fact
2 turned over as tips or as a substitute for tips to the
3 employees who participate directly in preparing, serving,
4 hosting or cleaning up the food or beverage function with
5 respect to which the service charge is imposed.

6 (14) Until July 1, 2003, oil field exploration, drilling,
7 and production equipment, including (i) rigs and parts of
8 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
9 pipe and tubular goods, including casing and drill strings,
10 (iii) pumps and pump-jack units, (iv) storage tanks and flow
11 lines, (v) any individual replacement part for oil field
12 exploration, drilling, and production equipment, and (vi)
13 machinery and equipment purchased for lease; but excluding
14 motor vehicles required to be registered under the Illinois
15 Vehicle Code.

16 (15) Photoprocessing machinery and equipment, including
17 repair and replacement parts, both new and used, including
18 that manufactured on special order, certified by the purchaser
19 to be used primarily for photoprocessing, and including
20 photoprocessing machinery and equipment purchased for lease.

21 (16) Until July 1, 2023, coal and aggregate exploration,
22 mining, off-highway hauling, processing, maintenance, and
23 reclamation equipment, including replacement parts and
24 equipment, and including equipment purchased for lease, but
25 excluding motor vehicles required to be registered under the
26 Illinois Vehicle Code. The changes made to this Section by

1 Public Act 97-767 apply on and after July 1, 2003, but no claim
2 for credit or refund is allowed on or after August 16, 2013
3 (the effective date of Public Act 98-456) for such taxes paid
4 during the period beginning July 1, 2003 and ending on August
5 16, 2013 (the effective date of Public Act 98-456).

6 (17) Until July 1, 2003, distillation machinery and
7 equipment, sold as a unit or kit, assembled or installed by the
8 retailer, certified by the user to be used only for the
9 production of ethyl alcohol that will be used for consumption
10 as motor fuel or as a component of motor fuel for the personal
11 use of the user, and not subject to sale or resale.

12 (18) Manufacturing and assembling machinery and equipment
13 used primarily in the process of manufacturing or assembling
14 tangible personal property for wholesale or retail sale or
15 lease, whether that sale or lease is made directly by the
16 manufacturer or by some other person, whether the materials
17 used in the process are owned by the manufacturer or some other
18 person, or whether that sale or lease is made apart from or as
19 an incident to the seller's engaging in the service occupation
20 of producing machines, tools, dies, jigs, patterns, gauges, or
21 other similar items of no commercial value on special order
22 for a particular purchaser. The exemption provided by this
23 paragraph (18) includes production related tangible personal
24 property, as defined in Section 3-50, purchased on or after
25 July 1, 2019. The exemption provided by this paragraph (18)
26 does not include machinery and equipment used in (i) the

1 generation of electricity for wholesale or retail sale; (ii)
2 the generation or treatment of natural or artificial gas for
3 wholesale or retail sale that is delivered to customers
4 through pipes, pipelines, or mains; or (iii) the treatment of
5 water for wholesale or retail sale that is delivered to
6 customers through pipes, pipelines, or mains. The provisions
7 of Public Act 98-583 are declaratory of existing law as to the
8 meaning and scope of this exemption. Beginning on July 1,
9 2017, the exemption provided by this paragraph (18) includes,
10 but is not limited to, graphic arts machinery and equipment,
11 as defined in paragraph (6) of this Section.

12 (19) Personal property delivered to a purchaser or
13 purchaser's donee inside Illinois when the purchase order for
14 that personal property was received by a florist located
15 outside Illinois who has a florist located inside Illinois
16 deliver the personal property.

17 (20) Semen used for artificial insemination of livestock
18 for direct agricultural production.

19 (21) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (21) is exempt from the
25 provisions of Section 3-90, and the exemption provided for
26 under this item (21) applies for all periods beginning May 30,

1 1995, but no claim for credit or refund is allowed on or after
2 January 1, 2008 for such taxes paid during the period
3 beginning May 30, 2000 and ending on January 1, 2008.

4 (22) Computers and communications equipment utilized for
5 any hospital purpose and equipment used in the diagnosis,
6 analysis, or treatment of hospital patients purchased by a
7 lessor who leases the equipment, under a lease of one year or
8 longer executed or in effect at the time the lessor would
9 otherwise be subject to the tax imposed by this Act, to a
10 hospital that has been issued an active tax exemption
11 identification number by the Department under Section 1g of
12 the Retailers' Occupation Tax Act. If the equipment is leased
13 in a manner that does not qualify for this exemption or is used
14 in any other non-exempt manner, the lessor shall be liable for
15 the tax imposed under this Act or the Service Use Tax Act, as
16 the case may be, based on the fair market value of the property
17 at the time the non-qualifying use occurs. No lessor shall
18 collect or attempt to collect an amount (however designated)
19 that purports to reimburse that lessor for the tax imposed by
20 this Act or the Service Use Tax Act, as the case may be, if the
21 tax has not been paid by the lessor. If a lessor improperly
22 collects any such amount from the lessee, the lessee shall
23 have a legal right to claim a refund of that amount from the
24 lessor. If, however, that amount is not refunded to the lessee
25 for any reason, the lessor is liable to pay that amount to the
26 Department.

1 (23) Personal property purchased by a lessor who leases
2 the property, under a lease of one year or longer executed or
3 in effect at the time the lessor would otherwise be subject to
4 the tax imposed by this Act, to a governmental body that has
5 been issued an active sales tax exemption identification
6 number by the Department under Section 1g of the Retailers'
7 Occupation Tax Act. If the property is leased in a manner that
8 does not qualify for this exemption or used in any other
9 non-exempt manner, the lessor shall be liable for the tax
10 imposed under this Act or the Service Use Tax Act, as the case
11 may be, based on the fair market value of the property at the
12 time the non-qualifying use occurs. No lessor shall collect or
13 attempt to collect an amount (however designated) that
14 purports to reimburse that lessor for the tax imposed by this
15 Act or the Service Use Tax Act, as the case may be, if the tax
16 has not been paid by the lessor. If a lessor improperly
17 collects any such amount from the lessee, the lessee shall
18 have a legal right to claim a refund of that amount from the
19 lessor. If, however, that amount is not refunded to the lessee
20 for any reason, the lessor is liable to pay that amount to the
21 Department.

22 (24) Beginning with taxable years ending on or after
23 December 31, 1995 and ending with taxable years ending on or
24 before December 31, 2004, personal property that is donated
25 for disaster relief to be used in a State or federally declared
26 disaster area in Illinois or bordering Illinois by a

1 manufacturer or retailer that is registered in this State to a
2 corporation, society, association, foundation, or institution
3 that has been issued a sales tax exemption identification
4 number by the Department that assists victims of the disaster
5 who reside within the declared disaster area.

6 (25) Beginning with taxable years ending on or after
7 December 31, 1995 and ending with taxable years ending on or
8 before December 31, 2004, personal property that is used in
9 the performance of infrastructure repairs in this State,
10 including but not limited to municipal roads and streets,
11 access roads, bridges, sidewalks, waste disposal systems,
12 water and sewer line extensions, water distribution and
13 purification facilities, storm water drainage and retention
14 facilities, and sewage treatment facilities, resulting from a
15 State or federally declared disaster in Illinois or bordering
16 Illinois when such repairs are initiated on facilities located
17 in the declared disaster area within 6 months after the
18 disaster.

19 (26) Beginning July 1, 1999, game or game birds purchased
20 at a "game breeding and hunting preserve area" as that term is
21 used in the Wildlife Code. This paragraph is exempt from the
22 provisions of Section 3-90.

23 (27) A motor vehicle, as that term is defined in Section
24 1-146 of the Illinois Vehicle Code, that is donated to a
25 corporation, limited liability company, society, association,
26 foundation, or institution that is determined by the

1 Department to be organized and operated exclusively for
2 educational purposes. For purposes of this exemption, "a
3 corporation, limited liability company, society, association,
4 foundation, or institution organized and operated exclusively
5 for educational purposes" means all tax-supported public
6 schools, private schools that offer systematic instruction in
7 useful branches of learning by methods common to public
8 schools and that compare favorably in their scope and
9 intensity with the course of study presented in tax-supported
10 schools, and vocational or technical schools or institutes
11 organized and operated exclusively to provide a course of
12 study of not less than 6 weeks duration and designed to prepare
13 individuals to follow a trade or to pursue a manual,
14 technical, mechanical, industrial, business, or commercial
15 occupation.

16 (28) Beginning January 1, 2000, personal property,
17 including food, purchased through fundraising events for the
18 benefit of a public or private elementary or secondary school,
19 a group of those schools, or one or more school districts if
20 the events are sponsored by an entity recognized by the school
21 district that consists primarily of volunteers and includes
22 parents and teachers of the school children. This paragraph
23 does not apply to fundraising events (i) for the benefit of
24 private home instruction or (ii) for which the fundraising
25 entity purchases the personal property sold at the events from
26 another individual or entity that sold the property for the

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-90.

4 (29) Beginning January 1, 2000 and through December 31,
5 2001, new or used automatic vending machines that prepare and
6 serve hot food and beverages, including coffee, soup, and
7 other items, and replacement parts for these machines.
8 Beginning January 1, 2002 and through June 30, 2003, machines
9 and parts for machines used in commercial, coin-operated
10 amusement and vending business if a use or occupation tax is
11 paid on the gross receipts derived from the use of the
12 commercial, coin-operated amusement and vending machines. This
13 paragraph is exempt from the provisions of Section 3-90.

14 (30) Beginning January 1, 2001 and through June 30, 2016,
15 food for human consumption that is to be consumed off the
16 premises where it is sold (other than alcoholic beverages,
17 soft drinks, and food that has been prepared for immediate
18 consumption) and prescription and nonprescription medicines,
19 drugs, medical appliances, and insulin, urine testing
20 materials, syringes, and needles used by diabetics, for human
21 use, when purchased for use by a person receiving medical
22 assistance under Article V of the Illinois Public Aid Code who
23 resides in a licensed long-term care facility, as defined in
24 the Nursing Home Care Act, or in a licensed facility as defined
25 in the ID/DD Community Care Act, the MC/DD Act, or the
26 Specialized Mental Health Rehabilitation Act of 2013.

1 (31) Beginning on August 2, 2001 (the effective date of
2 Public Act 92-227), computers and communications equipment
3 utilized for any hospital purpose and equipment used in the
4 diagnosis, analysis, or treatment of hospital patients
5 purchased by a lessor who leases the equipment, under a lease
6 of one year or longer executed or in effect at the time the
7 lessor would otherwise be subject to the tax imposed by this
8 Act, to a hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g of
10 the Retailers' Occupation Tax Act. If the equipment is leased
11 in a manner that does not qualify for this exemption or is used
12 in any other nonexempt manner, the lessor shall be liable for
13 the tax imposed under this Act or the Service Use Tax Act, as
14 the case may be, based on the fair market value of the property
15 at the time the nonqualifying use occurs. No lessor shall
16 collect or attempt to collect an amount (however designated)
17 that purports to reimburse that lessor for the tax imposed by
18 this Act or the Service Use Tax Act, as the case may be, if the
19 tax has not been paid by the lessor. If a lessor improperly
20 collects any such amount from the lessee, the lessee shall
21 have a legal right to claim a refund of that amount from the
22 lessor. If, however, that amount is not refunded to the lessee
23 for any reason, the lessor is liable to pay that amount to the
24 Department. This paragraph is exempt from the provisions of
25 Section 3-90.

26 (32) Beginning on August 2, 2001 (the effective date of

1 Public Act 92-227), personal property purchased by a lessor
2 who leases the property, under a lease of one year or longer
3 executed or in effect at the time the lessor would otherwise be
4 subject to the tax imposed by this Act, to a governmental body
5 that has been issued an active sales tax exemption
6 identification number by the Department under Section 1g of
7 the Retailers' Occupation Tax Act. If the property is leased
8 in a manner that does not qualify for this exemption or used in
9 any other nonexempt manner, the lessor shall be liable for the
10 tax imposed under this Act or the Service Use Tax Act, as the
11 case may be, based on the fair market value of the property at
12 the time the nonqualifying use occurs. No lessor shall collect
13 or attempt to collect an amount (however designated) that
14 purports to reimburse that lessor for the tax imposed by this
15 Act or the Service Use Tax Act, as the case may be, if the tax
16 has not been paid by the lessor. If a lessor improperly
17 collects any such amount from the lessee, the lessee shall
18 have a legal right to claim a refund of that amount from the
19 lessor. If, however, that amount is not refunded to the lessee
20 for any reason, the lessor is liable to pay that amount to the
21 Department. This paragraph is exempt from the provisions of
22 Section 3-90.

23 (33) On and after July 1, 2003 and through June 30, 2004,
24 the use in this State of motor vehicles of the second division
25 with a gross vehicle weight in excess of 8,000 pounds and that
26 are subject to the commercial distribution fee imposed under

1 Section 3-815.1 of the Illinois Vehicle Code. Beginning on
2 July 1, 2004 and through June 30, 2005, the use in this State
3 of motor vehicles of the second division: (i) with a gross
4 vehicle weight rating in excess of 8,000 pounds; (ii) that are
5 subject to the commercial distribution fee imposed under
6 Section 3-815.1 of the Illinois Vehicle Code; and (iii) that
7 are primarily used for commercial purposes. Through June 30,
8 2005, this exemption applies to repair and replacement parts
9 added after the initial purchase of such a motor vehicle if
10 that motor vehicle is used in a manner that would qualify for
11 the rolling stock exemption otherwise provided for in this
12 Act. For purposes of this paragraph, the term "used for
13 commercial purposes" means the transportation of persons or
14 property in furtherance of any commercial or industrial
15 enterprise, whether for-hire or not.

16 (34) Beginning January 1, 2008, tangible personal property
17 used in the construction or maintenance of a community water
18 supply, as defined under Section 3.145 of the Environmental
19 Protection Act, that is operated by a not-for-profit
20 corporation that holds a valid water supply permit issued
21 under Title IV of the Environmental Protection Act. This
22 paragraph is exempt from the provisions of Section 3-90.

23 (35) Beginning January 1, 2010 and continuing through
24 December 31, 2024, materials, parts, equipment, components,
25 and furnishings incorporated into or upon an aircraft as part
26 of the modification, refurbishment, completion, replacement,

1 repair, or maintenance of the aircraft. This exemption
2 includes consumable supplies used in the modification,
3 refurbishment, completion, replacement, repair, and
4 maintenance of aircraft, but excludes any materials, parts,
5 equipment, components, and consumable supplies used in the
6 modification, replacement, repair, and maintenance of aircraft
7 engines or power plants, whether such engines or power plants
8 are installed or uninstalled upon any such aircraft.
9 "Consumable supplies" include, but are not limited to,
10 adhesive, tape, sandpaper, general purpose lubricants,
11 cleaning solution, latex gloves, and protective films. This
12 exemption applies only to the use of qualifying tangible
13 personal property by persons who modify, refurbish, complete,
14 repair, replace, or maintain aircraft and who (i) hold an Air
15 Agency Certificate and are empowered to operate an approved
16 repair station by the Federal Aviation Administration, (ii)
17 have a Class IV Rating, and (iii) conduct operations in
18 accordance with Part 145 of the Federal Aviation Regulations.
19 The exemption does not include aircraft operated by a
20 commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part
22 129 of the Federal Aviation Regulations. The changes made to
23 this paragraph (35) by Public Act 98-534 are declarative of
24 existing law. It is the intent of the General Assembly that the
25 exemption under this paragraph (35) applies continuously from
26 January 1, 2010 through December 31, 2024; however, no claim

1 for credit or refund is allowed for taxes paid as a result of
2 the disallowance of this exemption on or after January 1, 2015
3 and prior to the effective date of this amendatory Act of the
4 101st General Assembly.

5 (36) Tangible personal property purchased by a
6 public-facilities corporation, as described in Section
7 11-65-10 of the Illinois Municipal Code, for purposes of
8 constructing or furnishing a municipal convention hall, but
9 only if the legal title to the municipal convention hall is
10 transferred to the municipality without any further
11 consideration by or on behalf of the municipality at the time
12 of the completion of the municipal convention hall or upon the
13 retirement or redemption of any bonds or other debt
14 instruments issued by the public-facilities corporation in
15 connection with the development of the municipal convention
16 hall. This exemption includes existing public-facilities
17 corporations as provided in Section 11-65-25 of the Illinois
18 Municipal Code. This paragraph is exempt from the provisions
19 of Section 3-90.

20 (37) Beginning January 1, 2017 and through December 31,
21 2026, menstrual pads, tampons, and menstrual cups.

22 (38) Merchandise that is subject to the Rental Purchase
23 Agreement Occupation and Use Tax. The purchaser must certify
24 that the item is purchased to be rented subject to a rental
25 purchase agreement, as defined in the Rental Purchase
26 Agreement Act, and provide proof of registration under the

1 Rental Purchase Agreement Occupation and Use Tax Act. This
2 paragraph is exempt from the provisions of Section 3-90.

3 (39) Tangible personal property purchased by a purchaser
4 who is exempt from the tax imposed by this Act by operation of
5 federal law. This paragraph is exempt from the provisions of
6 Section 3-90.

7 (40) Qualified tangible personal property used in the
8 construction or operation of a data center that has been
9 granted a certificate of exemption by the Department of
10 Commerce and Economic Opportunity, whether that tangible
11 personal property is purchased by the owner, operator, or
12 tenant of the data center or by a contractor or subcontractor
13 of the owner, operator, or tenant. Data centers that would
14 have qualified for a certificate of exemption prior to January
15 1, 2020 had Public Act 101-31 been in effect may apply for and
16 obtain an exemption for subsequent purchases of computer
17 equipment or enabling software purchased or leased to upgrade,
18 supplement, or replace computer equipment or enabling software
19 purchased or leased in the original investment that would have
20 qualified.

21 The Department of Commerce and Economic Opportunity shall
22 grant a certificate of exemption under this item (40) to
23 qualified data centers as defined by Section 605-1025 of the
24 Department of Commerce and Economic Opportunity Law of the
25 Civil Administrative Code of Illinois.

26 For the purposes of this item (40):

1 "Data center" means a building or a series of
2 buildings rehabilitated or constructed to house working
3 servers in one physical location or multiple sites within
4 the State of Illinois.

5 "Qualified tangible personal property" means:
6 electrical systems and equipment; climate control and
7 chilling equipment and systems; mechanical systems and
8 equipment; monitoring and secure systems; emergency
9 generators; hardware; computers; servers; data storage
10 devices; network connectivity equipment; racks; cabinets;
11 telecommunications cabling infrastructure; raised floor
12 systems; peripheral components or systems; software;
13 mechanical, electrical, or plumbing systems; battery
14 systems; cooling systems and towers; temperature control
15 systems; other cabling; and other data center
16 infrastructure equipment and systems necessary to operate
17 qualified tangible personal property, including fixtures;
18 and component parts of any of the foregoing, including
19 installation, maintenance, repair, refurbishment, and
20 replacement of qualified tangible personal property to
21 generate, transform, transmit, distribute, or manage
22 electricity necessary to operate qualified tangible
23 personal property; and all other tangible personal
24 property that is essential to the operations of a computer
25 data center. The term "qualified tangible personal
26 property" also includes building materials physically

1 incorporated in to the qualifying data center. To document
2 the exemption allowed under this Section, the retailer
3 must obtain from the purchaser a copy of the certificate
4 of eligibility issued by the Department of Commerce and
5 Economic Opportunity.

6 This item (40) is exempt from the provisions of Section
7 3-90.

8 (41) Tangible personal property for which a certificate of
9 exemption has been issued under Section 2505-805 of the
10 Department of Revenue Law of the Civil Administrative Code of
11 Illinois. This paragraph is exempt from the provisions of
12 Section 3-90.

13 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
14 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
15 6-17-21.)

16 Section 15. The Service Use Tax Act is amended by changing
17 Section 3-5 as follows:

18 (35 ILCS 110/3-5)

19 Sec. 3-5. Exemptions. Use of the following tangible
20 personal property is exempt from the tax imposed by this Act:

21 (1) Personal property purchased from a corporation,
22 society, association, foundation, institution, or
23 organization, other than a limited liability company, that is
24 organized and operated as a not-for-profit service enterprise

1 for the benefit of persons 65 years of age or older if the
2 personal property was not purchased by the enterprise for the
3 purpose of resale by the enterprise.

4 (2) Personal property purchased by a non-profit Illinois
5 county fair association for use in conducting, operating, or
6 promoting the county fair.

7 (3) Personal property purchased by a not-for-profit arts
8 or cultural organization that establishes, by proof required
9 by the Department by rule, that it has received an exemption
10 under Section 501(c)(3) of the Internal Revenue Code and that
11 is organized and operated primarily for the presentation or
12 support of arts or cultural programming, activities, or
13 services. These organizations include, but are not limited to,
14 music and dramatic arts organizations such as symphony
15 orchestras and theatrical groups, arts and cultural service
16 organizations, local arts councils, visual arts organizations,
17 and media arts organizations. On and after July 1, 2001 (the
18 effective date of Public Act 92-35), however, an entity
19 otherwise eligible for this exemption shall not make tax-free
20 purchases unless it has an active identification number issued
21 by the Department.

22 (4) Legal tender, currency, medallions, or gold or silver
23 coinage issued by the State of Illinois, the government of the
24 United States of America, or the government of any foreign
25 country, and bullion.

26 (5) Until July 1, 2003 and beginning again on September 1,

1 2004 through August 30, 2014, graphic arts machinery and
2 equipment, including repair and replacement parts, both new
3 and used, and including that manufactured on special order or
4 purchased for lease, certified by the purchaser to be used
5 primarily for graphic arts production. Equipment includes
6 chemicals or chemicals acting as catalysts but only if the
7 chemicals or chemicals acting as catalysts effect a direct and
8 immediate change upon a graphic arts product. Beginning on
9 July 1, 2017, graphic arts machinery and equipment is included
10 in the manufacturing and assembling machinery and equipment
11 exemption under Section 2 of this Act.

12 (6) Personal property purchased from a teacher-sponsored
13 student organization affiliated with an elementary or
14 secondary school located in Illinois.

15 (7) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by the
17 purchaser to be used primarily for production agriculture or
18 State or federal agricultural programs, including individual
19 replacement parts for the machinery and equipment, including
20 machinery and equipment purchased for lease, and including
21 implements of husbandry defined in Section 1-130 of the
22 Illinois Vehicle Code, farm machinery and agricultural
23 chemical and fertilizer spreaders, and nurse wagons required
24 to be registered under Section 3-809 of the Illinois Vehicle
25 Code, but excluding other motor vehicles required to be
26 registered under the Illinois Vehicle Code. Horticultural

1 polyhouses or hoop houses used for propagating, growing, or
2 overwintering plants shall be considered farm machinery and
3 equipment under this item (7). Agricultural chemical tender
4 tanks and dry boxes shall include units sold separately from a
5 motor vehicle required to be licensed and units sold mounted
6 on a motor vehicle required to be licensed if the selling price
7 of the tender is separately stated.

8 Farm machinery and equipment shall include precision
9 farming equipment that is installed or purchased to be
10 installed on farm machinery and equipment including, but not
11 limited to, tractors, harvesters, sprayers, planters, seeders,
12 or spreaders. Precision farming equipment includes, but is not
13 limited to, soil testing sensors, computers, monitors,
14 software, global positioning and mapping systems, and other
15 such equipment.

16 Farm machinery and equipment also includes computers,
17 sensors, software, and related equipment used primarily in the
18 computer-assisted operation of production agriculture
19 facilities, equipment, and activities such as, but not limited
20 to, the collection, monitoring, and correlation of animal and
21 crop data for the purpose of formulating animal diets and
22 agricultural chemicals. This item (7) is exempt from the
23 provisions of Section 3-75.

24 (8) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air common carrier, certified by the carrier
26 to be used for consumption, shipment, or storage in the

1 conduct of its business as an air common carrier, for a flight
2 destined for or returning from a location or locations outside
3 the United States without regard to previous or subsequent
4 domestic stopovers.

5 Beginning July 1, 2013, fuel and petroleum products sold
6 to or used by an air carrier, certified by the carrier to be
7 used for consumption, shipment, or storage in the conduct of
8 its business as an air common carrier, for a flight that (i) is
9 engaged in foreign trade or is engaged in trade between the
10 United States and any of its possessions and (ii) transports
11 at least one individual or package for hire from the city of
12 origination to the city of final destination on the same
13 aircraft, without regard to a change in the flight number of
14 that aircraft.

15 (9) Proceeds of mandatory service charges separately
16 stated on customers' bills for the purchase and consumption of
17 food and beverages acquired as an incident to the purchase of a
18 service from a serviceman, to the extent that the proceeds of
19 the service charge are in fact turned over as tips or as a
20 substitute for tips to the employees who participate directly
21 in preparing, serving, hosting or cleaning up the food or
22 beverage function with respect to which the service charge is
23 imposed.

24 (10) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of
26 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)

1 pipe and tubular goods, including casing and drill strings,
2 (iii) pumps and pump-jack units, (iv) storage tanks and flow
3 lines, (v) any individual replacement part for oil field
4 exploration, drilling, and production equipment, and (vi)
5 machinery and equipment purchased for lease; but excluding
6 motor vehicles required to be registered under the Illinois
7 Vehicle Code.

8 (11) Proceeds from the sale of photoprocessing machinery
9 and equipment, including repair and replacement parts, both
10 new and used, including that manufactured on special order,
11 certified by the purchaser to be used primarily for
12 photoprocessing, and including photoprocessing machinery and
13 equipment purchased for lease.

14 (12) Until July 1, 2023, coal and aggregate exploration,
15 mining, off-highway hauling, processing, maintenance, and
16 reclamation equipment, including replacement parts and
17 equipment, and including equipment purchased for lease, but
18 excluding motor vehicles required to be registered under the
19 Illinois Vehicle Code. The changes made to this Section by
20 Public Act 97-767 apply on and after July 1, 2003, but no claim
21 for credit or refund is allowed on or after August 16, 2013
22 (the effective date of Public Act 98-456) for such taxes paid
23 during the period beginning July 1, 2003 and ending on August
24 16, 2013 (the effective date of Public Act 98-456).

25 (13) Semen used for artificial insemination of livestock
26 for direct agricultural production.

1 (14) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes. This item (14) is exempt from the
7 provisions of Section 3-75, and the exemption provided for
8 under this item (14) applies for all periods beginning May 30,
9 1995, but no claim for credit or refund is allowed on or after
10 January 1, 2008 (the effective date of Public Act 95-88) for
11 such taxes paid during the period beginning May 30, 2000 and
12 ending on January 1, 2008 (the effective date of Public Act
13 95-88).

14 (15) Computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients purchased by a
17 lessor who leases the equipment, under a lease of one year or
18 longer executed or in effect at the time the lessor would
19 otherwise be subject to the tax imposed by this Act, to a
20 hospital that has been issued an active tax exemption
21 identification number by the Department under Section 1g of
22 the Retailers' Occupation Tax Act. If the equipment is leased
23 in a manner that does not qualify for this exemption or is used
24 in any other non-exempt manner, the lessor shall be liable for
25 the tax imposed under this Act or the Use Tax Act, as the case
26 may be, based on the fair market value of the property at the

1 time the non-qualifying use occurs. No lessor shall collect or
2 attempt to collect an amount (however designated) that
3 purports to reimburse that lessor for the tax imposed by this
4 Act or the Use Tax Act, as the case may be, if the tax has not
5 been paid by the lessor. If a lessor improperly collects any
6 such amount from the lessee, the lessee shall have a legal
7 right to claim a refund of that amount from the lessor. If,
8 however, that amount is not refunded to the lessee for any
9 reason, the lessor is liable to pay that amount to the
10 Department.

11 (16) Personal property purchased by a lessor who leases
12 the property, under a lease of one year or longer executed or
13 in effect at the time the lessor would otherwise be subject to
14 the tax imposed by this Act, to a governmental body that has
15 been issued an active tax exemption identification number by
16 the Department under Section 1g of the Retailers' Occupation
17 Tax Act. If the property is leased in a manner that does not
18 qualify for this exemption or is used in any other non-exempt
19 manner, the lessor shall be liable for the tax imposed under
20 this Act or the Use Tax Act, as the case may be, based on the
21 fair market value of the property at the time the
22 non-qualifying use occurs. No lessor shall collect or attempt
23 to collect an amount (however designated) that purports to
24 reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid
26 by the lessor. If a lessor improperly collects any such amount

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that
3 amount is not refunded to the lessee for any reason, the lessor
4 is liable to pay that amount to the Department.

5 (17) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is donated
8 for disaster relief to be used in a State or federally declared
9 disaster area in Illinois or bordering Illinois by a
10 manufacturer or retailer that is registered in this State to a
11 corporation, society, association, foundation, or institution
12 that has been issued a sales tax exemption identification
13 number by the Department that assists victims of the disaster
14 who reside within the declared disaster area.

15 (18) Beginning with taxable years ending on or after
16 December 31, 1995 and ending with taxable years ending on or
17 before December 31, 2004, personal property that is used in
18 the performance of infrastructure repairs in this State,
19 including but not limited to municipal roads and streets,
20 access roads, bridges, sidewalks, waste disposal systems,
21 water and sewer line extensions, water distribution and
22 purification facilities, storm water drainage and retention
23 facilities, and sewage treatment facilities, resulting from a
24 State or federally declared disaster in Illinois or bordering
25 Illinois when such repairs are initiated on facilities located
26 in the declared disaster area within 6 months after the

1 disaster.

2 (19) Beginning July 1, 1999, game or game birds purchased
3 at a "game breeding and hunting preserve area" as that term is
4 used in the Wildlife Code. This paragraph is exempt from the
5 provisions of Section 3-75.

6 (20) A motor vehicle, as that term is defined in Section
7 1-146 of the Illinois Vehicle Code, that is donated to a
8 corporation, limited liability company, society, association,
9 foundation, or institution that is determined by the
10 Department to be organized and operated exclusively for
11 educational purposes. For purposes of this exemption, "a
12 corporation, limited liability company, society, association,
13 foundation, or institution organized and operated exclusively
14 for educational purposes" means all tax-supported public
15 schools, private schools that offer systematic instruction in
16 useful branches of learning by methods common to public
17 schools and that compare favorably in their scope and
18 intensity with the course of study presented in tax-supported
19 schools, and vocational or technical schools or institutes
20 organized and operated exclusively to provide a course of
21 study of not less than 6 weeks duration and designed to prepare
22 individuals to follow a trade or to pursue a manual,
23 technical, mechanical, industrial, business, or commercial
24 occupation.

25 (21) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

1 benefit of a public or private elementary or secondary school,
2 a group of those schools, or one or more school districts if
3 the events are sponsored by an entity recognized by the school
4 district that consists primarily of volunteers and includes
5 parents and teachers of the school children. This paragraph
6 does not apply to fundraising events (i) for the benefit of
7 private home instruction or (ii) for which the fundraising
8 entity purchases the personal property sold at the events from
9 another individual or entity that sold the property for the
10 purpose of resale by the fundraising entity and that profits
11 from the sale to the fundraising entity. This paragraph is
12 exempt from the provisions of Section 3-75.

13 (22) Beginning January 1, 2000 and through December 31,
14 2001, new or used automatic vending machines that prepare and
15 serve hot food and beverages, including coffee, soup, and
16 other items, and replacement parts for these machines.
17 Beginning January 1, 2002 and through June 30, 2003, machines
18 and parts for machines used in commercial, coin-operated
19 amusement and vending business if a use or occupation tax is
20 paid on the gross receipts derived from the use of the
21 commercial, coin-operated amusement and vending machines. This
22 paragraph is exempt from the provisions of Section 3-75.

23 (23) Beginning August 23, 2001 and through June 30, 2016,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages,
26 soft drinks, and food that has been prepared for immediate

1 consumption) and prescription and nonprescription medicines,
2 drugs, medical appliances, and insulin, urine testing
3 materials, syringes, and needles used by diabetics, for human
4 use, when purchased for use by a person receiving medical
5 assistance under Article V of the Illinois Public Aid Code who
6 resides in a licensed long-term care facility, as defined in
7 the Nursing Home Care Act, or in a licensed facility as defined
8 in the ID/DD Community Care Act, the MC/DD Act, or the
9 Specialized Mental Health Rehabilitation Act of 2013.

10 (24) Beginning on August 2, 2001 (the effective date of
11 Public Act 92-227), computers and communications equipment
12 utilized for any hospital purpose and equipment used in the
13 diagnosis, analysis, or treatment of hospital patients
14 purchased by a lessor who leases the equipment, under a lease
15 of one year or longer executed or in effect at the time the
16 lessor would otherwise be subject to the tax imposed by this
17 Act, to a hospital that has been issued an active tax exemption
18 identification number by the Department under Section 1g of
19 the Retailers' Occupation Tax Act. If the equipment is leased
20 in a manner that does not qualify for this exemption or is used
21 in any other nonexempt manner, the lessor shall be liable for
22 the tax imposed under this Act or the Use Tax Act, as the case
23 may be, based on the fair market value of the property at the
24 time the nonqualifying use occurs. No lessor shall collect or
25 attempt to collect an amount (however designated) that
26 purports to reimburse that lessor for the tax imposed by this

1 Act or the Use Tax Act, as the case may be, if the tax has not
2 been paid by the lessor. If a lessor improperly collects any
3 such amount from the lessee, the lessee shall have a legal
4 right to claim a refund of that amount from the lessor. If,
5 however, that amount is not refunded to the lessee for any
6 reason, the lessor is liable to pay that amount to the
7 Department. This paragraph is exempt from the provisions of
8 Section 3-75.

9 (25) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), personal property purchased by a lessor
11 who leases the property, under a lease of one year or longer
12 executed or in effect at the time the lessor would otherwise be
13 subject to the tax imposed by this Act, to a governmental body
14 that has been issued an active tax exemption identification
15 number by the Department under Section 1g of the Retailers'
16 Occupation Tax Act. If the property is leased in a manner that
17 does not qualify for this exemption or is used in any other
18 nonexempt manner, the lessor shall be liable for the tax
19 imposed under this Act or the Use Tax Act, as the case may be,
20 based on the fair market value of the property at the time the
21 nonqualifying use occurs. No lessor shall collect or attempt
22 to collect an amount (however designated) that purports to
23 reimburse that lessor for the tax imposed by this Act or the
24 Use Tax Act, as the case may be, if the tax has not been paid
25 by the lessor. If a lessor improperly collects any such amount
26 from the lessee, the lessee shall have a legal right to claim a

1 refund of that amount from the lessor. If, however, that
2 amount is not refunded to the lessee for any reason, the lessor
3 is liable to pay that amount to the Department. This paragraph
4 is exempt from the provisions of Section 3-75.

5 (26) Beginning January 1, 2008, tangible personal property
6 used in the construction or maintenance of a community water
7 supply, as defined under Section 3.145 of the Environmental
8 Protection Act, that is operated by a not-for-profit
9 corporation that holds a valid water supply permit issued
10 under Title IV of the Environmental Protection Act. This
11 paragraph is exempt from the provisions of Section 3-75.

12 (27) Beginning January 1, 2010 and continuing through
13 December 31, 2024, materials, parts, equipment, components,
14 and furnishings incorporated into or upon an aircraft as part
15 of the modification, refurbishment, completion, replacement,
16 repair, or maintenance of the aircraft. This exemption
17 includes consumable supplies used in the modification,
18 refurbishment, completion, replacement, repair, and
19 maintenance of aircraft, but excludes any materials, parts,
20 equipment, components, and consumable supplies used in the
21 modification, replacement, repair, and maintenance of aircraft
22 engines or power plants, whether such engines or power plants
23 are installed or uninstalled upon any such aircraft.
24 "Consumable supplies" include, but are not limited to,
25 adhesive, tape, sandpaper, general purpose lubricants,
26 cleaning solution, latex gloves, and protective films. This

1 exemption applies only to the use of qualifying tangible
2 personal property transferred incident to the modification,
3 refurbishment, completion, replacement, repair, or maintenance
4 of aircraft by persons who (i) hold an Air Agency Certificate
5 and are empowered to operate an approved repair station by the
6 Federal Aviation Administration, (ii) have a Class IV Rating,
7 and (iii) conduct operations in accordance with Part 145 of
8 the Federal Aviation Regulations. The exemption does not
9 include aircraft operated by a commercial air carrier
10 providing scheduled passenger air service pursuant to
11 authority issued under Part 121 or Part 129 of the Federal
12 Aviation Regulations. The changes made to this paragraph (27)
13 by Public Act 98-534 are declarative of existing law. It is the
14 intent of the General Assembly that the exemption under this
15 paragraph (27) applies continuously from January 1, 2010
16 through December 31, 2024; however, no claim for credit or
17 refund is allowed for taxes paid as a result of the
18 disallowance of this exemption on or after January 1, 2015 and
19 prior to the effective date of this amendatory Act of the 101st
20 General Assembly.

21 (28) Tangible personal property purchased by a
22 public-facilities corporation, as described in Section
23 11-65-10 of the Illinois Municipal Code, for purposes of
24 constructing or furnishing a municipal convention hall, but
25 only if the legal title to the municipal convention hall is
26 transferred to the municipality without any further

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt
4 instruments issued by the public-facilities corporation in
5 connection with the development of the municipal convention
6 hall. This exemption includes existing public-facilities
7 corporations as provided in Section 11-65-25 of the Illinois
8 Municipal Code. This paragraph is exempt from the provisions
9 of Section 3-75.

10 (29) Beginning January 1, 2017 and through December 31,
11 2026, menstrual pads, tampons, and menstrual cups.

12 (30) Tangible personal property transferred to a purchaser
13 who is exempt from the tax imposed by this Act by operation of
14 federal law. This paragraph is exempt from the provisions of
15 Section 3-75.

16 (31) Qualified tangible personal property used in the
17 construction or operation of a data center that has been
18 granted a certificate of exemption by the Department of
19 Commerce and Economic Opportunity, whether that tangible
20 personal property is purchased by the owner, operator, or
21 tenant of the data center or by a contractor or subcontractor
22 of the owner, operator, or tenant. Data centers that would
23 have qualified for a certificate of exemption prior to January
24 1, 2020 had this amendatory Act of the 101st General Assembly
25 been in effect, may apply for and obtain an exemption for
26 subsequent purchases of computer equipment or enabling

1 software purchased or leased to upgrade, supplement, or
2 replace computer equipment or enabling software purchased or
3 leased in the original investment that would have qualified.

4 The Department of Commerce and Economic Opportunity shall
5 grant a certificate of exemption under this item (31) to
6 qualified data centers as defined by Section 605-1025 of the
7 Department of Commerce and Economic Opportunity Law of the
8 Civil Administrative Code of Illinois.

9 For the purposes of this item (31):

10 "Data center" means a building or a series of
11 buildings rehabilitated or constructed to house working
12 servers in one physical location or multiple sites within
13 the State of Illinois.

14 "Qualified tangible personal property" means:
15 electrical systems and equipment; climate control and
16 chilling equipment and systems; mechanical systems and
17 equipment; monitoring and secure systems; emergency
18 generators; hardware; computers; servers; data storage
19 devices; network connectivity equipment; racks; cabinets;
20 telecommunications cabling infrastructure; raised floor
21 systems; peripheral components or systems; software;
22 mechanical, electrical, or plumbing systems; battery
23 systems; cooling systems and towers; temperature control
24 systems; other cabling; and other data center
25 infrastructure equipment and systems necessary to operate
26 qualified tangible personal property, including fixtures;

1 and component parts of any of the foregoing, including
2 installation, maintenance, repair, refurbishment, and
3 replacement of qualified tangible personal property to
4 generate, transform, transmit, distribute, or manage
5 electricity necessary to operate qualified tangible
6 personal property; and all other tangible personal
7 property that is essential to the operations of a computer
8 data center. The term "qualified tangible personal
9 property" also includes building materials physically
10 incorporated in to the qualifying data center. To document
11 the exemption allowed under this Section, the retailer
12 must obtain from the purchaser a copy of the certificate
13 of eligibility issued by the Department of Commerce and
14 Economic Opportunity.

15 This item (31) is exempt from the provisions of Section
16 3-75.

17 (32) Tangible personal property for which a certificate of
18 exemption has been issued under Section 2505-805 of the
19 Department of Revenue Law of the Civil Administrative Code of
20 Illinois. This paragraph is exempt from the provisions of
21 Section 3-75.

22 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
23 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

24 Section 20. The Service Occupation Tax Act is amended by
25 changing Section 3-5 as follows:

1 (35 ILCS 115/3-5)

2 Sec. 3-5. Exemptions. The following tangible personal
3 property is exempt from the tax imposed by this Act:

4 (1) Personal property sold by a corporation, society,
5 association, foundation, institution, or organization, other
6 than a limited liability company, that is organized and
7 operated as a not-for-profit service enterprise for the
8 benefit of persons 65 years of age or older if the personal
9 property was not purchased by the enterprise for the purpose
10 of resale by the enterprise.

11 (2) Personal property purchased by a not-for-profit
12 Illinois county fair association for use in conducting,
13 operating, or promoting the county fair.

14 (3) Personal property purchased by any not-for-profit arts
15 or cultural organization that establishes, by proof required
16 by the Department by rule, that it has received an exemption
17 under Section 501(c)(3) of the Internal Revenue Code and that
18 is organized and operated primarily for the presentation or
19 support of arts or cultural programming, activities, or
20 services. These organizations include, but are not limited to,
21 music and dramatic arts organizations such as symphony
22 orchestras and theatrical groups, arts and cultural service
23 organizations, local arts councils, visual arts organizations,
24 and media arts organizations. On and after July 1, 2001 (the
25 effective date of Public Act 92-35), however, an entity

1 otherwise eligible for this exemption shall not make tax-free
2 purchases unless it has an active identification number issued
3 by the Department.

4 (4) Legal tender, currency, medallions, or gold or silver
5 coinage issued by the State of Illinois, the government of the
6 United States of America, or the government of any foreign
7 country, and bullion.

8 (5) Until July 1, 2003 and beginning again on September 1,
9 2004 through August 30, 2014, graphic arts machinery and
10 equipment, including repair and replacement parts, both new
11 and used, and including that manufactured on special order or
12 purchased for lease, certified by the purchaser to be used
13 primarily for graphic arts production. Equipment includes
14 chemicals or chemicals acting as catalysts but only if the
15 chemicals or chemicals acting as catalysts effect a direct and
16 immediate change upon a graphic arts product. Beginning on
17 July 1, 2017, graphic arts machinery and equipment is included
18 in the manufacturing and assembling machinery and equipment
19 exemption under Section 2 of this Act.

20 (6) Personal property sold by a teacher-sponsored student
21 organization affiliated with an elementary or secondary school
22 located in Illinois.

23 (7) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the
25 purchaser to be used primarily for production agriculture or
26 State or federal agricultural programs, including individual

1 replacement parts for the machinery and equipment, including
2 machinery and equipment purchased for lease, and including
3 implements of husbandry defined in Section 1-130 of the
4 Illinois Vehicle Code, farm machinery and agricultural
5 chemical and fertilizer spreaders, and nurse wagons required
6 to be registered under Section 3-809 of the Illinois Vehicle
7 Code, but excluding other motor vehicles required to be
8 registered under the Illinois Vehicle Code. Horticultural
9 polyhouses or hoop houses used for propagating, growing, or
10 overwintering plants shall be considered farm machinery and
11 equipment under this item (7). Agricultural chemical tender
12 tanks and dry boxes shall include units sold separately from a
13 motor vehicle required to be licensed and units sold mounted
14 on a motor vehicle required to be licensed if the selling price
15 of the tender is separately stated.

16 Farm machinery and equipment shall include precision
17 farming equipment that is installed or purchased to be
18 installed on farm machinery and equipment including, but not
19 limited to, tractors, harvesters, sprayers, planters, seeders,
20 or spreaders. Precision farming equipment includes, but is not
21 limited to, soil testing sensors, computers, monitors,
22 software, global positioning and mapping systems, and other
23 such equipment.

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (7) is exempt from the
5 provisions of Section 3-55.

6 (8) Until June 30, 2013, fuel and petroleum products sold
7 to or used by an air common carrier, certified by the carrier
8 to be used for consumption, shipment, or storage in the
9 conduct of its business as an air common carrier, for a flight
10 destined for or returning from a location or locations outside
11 the United States without regard to previous or subsequent
12 domestic stopovers.

13 Beginning July 1, 2013, fuel and petroleum products sold
14 to or used by an air carrier, certified by the carrier to be
15 used for consumption, shipment, or storage in the conduct of
16 its business as an air common carrier, for a flight that (i) is
17 engaged in foreign trade or is engaged in trade between the
18 United States and any of its possessions and (ii) transports
19 at least one individual or package for hire from the city of
20 origination to the city of final destination on the same
21 aircraft, without regard to a change in the flight number of
22 that aircraft.

23 (9) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages, to the extent that the proceeds of the
26 service charge are in fact turned over as tips or as a

1 substitute for tips to the employees who participate directly
2 in preparing, serving, hosting or cleaning up the food or
3 beverage function with respect to which the service charge is
4 imposed.

5 (10) Until July 1, 2003, oil field exploration, drilling,
6 and production equipment, including (i) rigs and parts of
7 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
8 pipe and tubular goods, including casing and drill strings,
9 (iii) pumps and pump-jack units, (iv) storage tanks and flow
10 lines, (v) any individual replacement part for oil field
11 exploration, drilling, and production equipment, and (vi)
12 machinery and equipment purchased for lease; but excluding
13 motor vehicles required to be registered under the Illinois
14 Vehicle Code.

15 (11) Photoprocessing machinery and equipment, including
16 repair and replacement parts, both new and used, including
17 that manufactured on special order, certified by the purchaser
18 to be used primarily for photoprocessing, and including
19 photoprocessing machinery and equipment purchased for lease.

20 (12) Until July 1, 2023, coal and aggregate exploration,
21 mining, off-highway hauling, processing, maintenance, and
22 reclamation equipment, including replacement parts and
23 equipment, and including equipment purchased for lease, but
24 excluding motor vehicles required to be registered under the
25 Illinois Vehicle Code. The changes made to this Section by
26 Public Act 97-767 apply on and after July 1, 2003, but no claim

1 for credit or refund is allowed on or after August 16, 2013
2 (the effective date of Public Act 98-456) for such taxes paid
3 during the period beginning July 1, 2003 and ending on August
4 16, 2013 (the effective date of Public Act 98-456).

5 (13) Beginning January 1, 1992 and through June 30, 2016,
6 food for human consumption that is to be consumed off the
7 premises where it is sold (other than alcoholic beverages,
8 soft drinks and food that has been prepared for immediate
9 consumption) and prescription and non-prescription medicines,
10 drugs, medical appliances, and insulin, urine testing
11 materials, syringes, and needles used by diabetics, for human
12 use, when purchased for use by a person receiving medical
13 assistance under Article V of the Illinois Public Aid Code who
14 resides in a licensed long-term care facility, as defined in
15 the Nursing Home Care Act, or in a licensed facility as defined
16 in the ID/DD Community Care Act, the MC/DD Act, or the
17 Specialized Mental Health Rehabilitation Act of 2013.

18 (14) Semen used for artificial insemination of livestock
19 for direct agricultural production.

20 (15) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (15) is exempt from the
26 provisions of Section 3-55, and the exemption provided for

1 under this item (15) applies for all periods beginning May 30,
2 1995, but no claim for credit or refund is allowed on or after
3 January 1, 2008 (the effective date of Public Act 95-88) for
4 such taxes paid during the period beginning May 30, 2000 and
5 ending on January 1, 2008 (the effective date of Public Act
6 95-88).

7 (16) Computers and communications equipment utilized for
8 any hospital purpose and equipment used in the diagnosis,
9 analysis, or treatment of hospital patients sold to a lessor
10 who leases the equipment, under a lease of one year or longer
11 executed or in effect at the time of the purchase, to a
12 hospital that has been issued an active tax exemption
13 identification number by the Department under Section 1g of
14 the Retailers' Occupation Tax Act.

15 (17) Personal property sold to a lessor who leases the
16 property, under a lease of one year or longer executed or in
17 effect at the time of the purchase, to a governmental body that
18 has been issued an active tax exemption identification number
19 by the Department under Section 1g of the Retailers'
20 Occupation Tax Act.

21 (18) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is donated
24 for disaster relief to be used in a State or federally declared
25 disaster area in Illinois or bordering Illinois by a
26 manufacturer or retailer that is registered in this State to a

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

5 (19) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is used in
8 the performance of infrastructure repairs in this State,
9 including but not limited to municipal roads and streets,
10 access roads, bridges, sidewalks, waste disposal systems,
11 water and sewer line extensions, water distribution and
12 purification facilities, storm water drainage and retention
13 facilities, and sewage treatment facilities, resulting from a
14 State or federally declared disaster in Illinois or bordering
15 Illinois when such repairs are initiated on facilities located
16 in the declared disaster area within 6 months after the
17 disaster.

18 (20) Beginning July 1, 1999, game or game birds sold at a
19 "game breeding and hunting preserve area" as that term is used
20 in the Wildlife Code. This paragraph is exempt from the
21 provisions of Section 3-55.

22 (21) A motor vehicle, as that term is defined in Section
23 1-146 of the Illinois Vehicle Code, that is donated to a
24 corporation, limited liability company, society, association,
25 foundation, or institution that is determined by the
26 Department to be organized and operated exclusively for

1 educational purposes. For purposes of this exemption, "a
2 corporation, limited liability company, society, association,
3 foundation, or institution organized and operated exclusively
4 for educational purposes" means all tax-supported public
5 schools, private schools that offer systematic instruction in
6 useful branches of learning by methods common to public
7 schools and that compare favorably in their scope and
8 intensity with the course of study presented in tax-supported
9 schools, and vocational or technical schools or institutes
10 organized and operated exclusively to provide a course of
11 study of not less than 6 weeks duration and designed to prepare
12 individuals to follow a trade or to pursue a manual,
13 technical, mechanical, industrial, business, or commercial
14 occupation.

15 (22) Beginning January 1, 2000, personal property,
16 including food, purchased through fundraising events for the
17 benefit of a public or private elementary or secondary school,
18 a group of those schools, or one or more school districts if
19 the events are sponsored by an entity recognized by the school
20 district that consists primarily of volunteers and includes
21 parents and teachers of the school children. This paragraph
22 does not apply to fundraising events (i) for the benefit of
23 private home instruction or (ii) for which the fundraising
24 entity purchases the personal property sold at the events from
25 another individual or entity that sold the property for the
26 purpose of resale by the fundraising entity and that profits

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 3-55.

3 (23) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002 and through June 30, 2003, machines
8 and parts for machines used in commercial, coin-operated
9 amusement and vending business if a use or occupation tax is
10 paid on the gross receipts derived from the use of the
11 commercial, coin-operated amusement and vending machines. This
12 paragraph is exempt from the provisions of Section 3-55.

13 (24) Beginning on August 2, 2001 (the effective date of
14 Public Act 92-227), computers and communications equipment
15 utilized for any hospital purpose and equipment used in the
16 diagnosis, analysis, or treatment of hospital patients sold to
17 a lessor who leases the equipment, under a lease of one year or
18 longer executed or in effect at the time of the purchase, to a
19 hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of
21 the Retailers' Occupation Tax Act. This paragraph is exempt
22 from the provisions of Section 3-55.

23 (25) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), personal property sold to a lessor who
25 leases the property, under a lease of one year or longer
26 executed or in effect at the time of the purchase, to a

1 governmental body that has been issued an active tax exemption
2 identification number by the Department under Section 1g of
3 the Retailers' Occupation Tax Act. This paragraph is exempt
4 from the provisions of Section 3-55.

5 (26) Beginning on January 1, 2002 and through June 30,
6 2016, tangible personal property purchased from an Illinois
7 retailer by a taxpayer engaged in centralized purchasing
8 activities in Illinois who will, upon receipt of the property
9 in Illinois, temporarily store the property in Illinois (i)
10 for the purpose of subsequently transporting it outside this
11 State for use or consumption thereafter solely outside this
12 State or (ii) for the purpose of being processed, fabricated,
13 or manufactured into, attached to, or incorporated into other
14 tangible personal property to be transported outside this
15 State and thereafter used or consumed solely outside this
16 State. The Director of Revenue shall, pursuant to rules
17 adopted in accordance with the Illinois Administrative
18 Procedure Act, issue a permit to any taxpayer in good standing
19 with the Department who is eligible for the exemption under
20 this paragraph (26). The permit issued under this paragraph
21 (26) shall authorize the holder, to the extent and in the
22 manner specified in the rules adopted under this Act, to
23 purchase tangible personal property from a retailer exempt
24 from the taxes imposed by this Act. Taxpayers shall maintain
25 all necessary books and records to substantiate the use and
26 consumption of all such tangible personal property outside of

1 the State of Illinois.

2 (27) Beginning January 1, 2008, tangible personal property
3 used in the construction or maintenance of a community water
4 supply, as defined under Section 3.145 of the Environmental
5 Protection Act, that is operated by a not-for-profit
6 corporation that holds a valid water supply permit issued
7 under Title IV of the Environmental Protection Act. This
8 paragraph is exempt from the provisions of Section 3-55.

9 (28) Tangible personal property sold to a
10 public-facilities corporation, as described in Section
11 11-65-10 of the Illinois Municipal Code, for purposes of
12 constructing or furnishing a municipal convention hall, but
13 only if the legal title to the municipal convention hall is
14 transferred to the municipality without any further
15 consideration by or on behalf of the municipality at the time
16 of the completion of the municipal convention hall or upon the
17 retirement or redemption of any bonds or other debt
18 instruments issued by the public-facilities corporation in
19 connection with the development of the municipal convention
20 hall. This exemption includes existing public-facilities
21 corporations as provided in Section 11-65-25 of the Illinois
22 Municipal Code. This paragraph is exempt from the provisions
23 of Section 3-55.

24 (29) Beginning January 1, 2010 and continuing through
25 December 31, 2024, materials, parts, equipment, components,
26 and furnishings incorporated into or upon an aircraft as part

1 of the modification, refurbishment, completion, replacement,
2 repair, or maintenance of the aircraft. This exemption
3 includes consumable supplies used in the modification,
4 refurbishment, completion, replacement, repair, and
5 maintenance of aircraft, but excludes any materials, parts,
6 equipment, components, and consumable supplies used in the
7 modification, replacement, repair, and maintenance of aircraft
8 engines or power plants, whether such engines or power plants
9 are installed or uninstalled upon any such aircraft.
10 "Consumable supplies" include, but are not limited to,
11 adhesive, tape, sandpaper, general purpose lubricants,
12 cleaning solution, latex gloves, and protective films. This
13 exemption applies only to the transfer of qualifying tangible
14 personal property incident to the modification, refurbishment,
15 completion, replacement, repair, or maintenance of an aircraft
16 by persons who (i) hold an Air Agency Certificate and are
17 empowered to operate an approved repair station by the Federal
18 Aviation Administration, (ii) have a Class IV Rating, and
19 (iii) conduct operations in accordance with Part 145 of the
20 Federal Aviation Regulations. The exemption does not include
21 aircraft operated by a commercial air carrier providing
22 scheduled passenger air service pursuant to authority issued
23 under Part 121 or Part 129 of the Federal Aviation
24 Regulations. The changes made to this paragraph (29) by Public
25 Act 98-534 are declarative of existing law. It is the intent of
26 the General Assembly that the exemption under this paragraph

1 (29) applies continuously from January 1, 2010 through
2 December 31, 2024; however, no claim for credit or refund is
3 allowed for taxes paid as a result of the disallowance of this
4 exemption on or after January 1, 2015 and prior to the
5 effective date of this amendatory Act of the 101st General
6 Assembly.

7 (30) Beginning January 1, 2017 and through December 31,
8 2026, menstrual pads, tampons, and menstrual cups.

9 (31) Tangible personal property transferred to a purchaser
10 who is exempt from tax by operation of federal law. This
11 paragraph is exempt from the provisions of Section 3-55.

12 (32) Qualified tangible personal property used in the
13 construction or operation of a data center that has been
14 granted a certificate of exemption by the Department of
15 Commerce and Economic Opportunity, whether that tangible
16 personal property is purchased by the owner, operator, or
17 tenant of the data center or by a contractor or subcontractor
18 of the owner, operator, or tenant. Data centers that would
19 have qualified for a certificate of exemption prior to January
20 1, 2020 had this amendatory Act of the 101st General Assembly
21 been in effect, may apply for and obtain an exemption for
22 subsequent purchases of computer equipment or enabling
23 software purchased or leased to upgrade, supplement, or
24 replace computer equipment or enabling software purchased or
25 leased in the original investment that would have qualified.

26 The Department of Commerce and Economic Opportunity shall

1 grant a certificate of exemption under this item (32) to
2 qualified data centers as defined by Section 605-1025 of the
3 Department of Commerce and Economic Opportunity Law of the
4 Civil Administrative Code of Illinois.

5 For the purposes of this item (32):

6 "Data center" means a building or a series of
7 buildings rehabilitated or constructed to house working
8 servers in one physical location or multiple sites within
9 the State of Illinois.

10 "Qualified tangible personal property" means:
11 electrical systems and equipment; climate control and
12 chilling equipment and systems; mechanical systems and
13 equipment; monitoring and secure systems; emergency
14 generators; hardware; computers; servers; data storage
15 devices; network connectivity equipment; racks; cabinets;
16 telecommunications cabling infrastructure; raised floor
17 systems; peripheral components or systems; software;
18 mechanical, electrical, or plumbing systems; battery
19 systems; cooling systems and towers; temperature control
20 systems; other cabling; and other data center
21 infrastructure equipment and systems necessary to operate
22 qualified tangible personal property, including fixtures;
23 and component parts of any of the foregoing, including
24 installation, maintenance, repair, refurbishment, and
25 replacement of qualified tangible personal property to
26 generate, transform, transmit, distribute, or manage

1 electricity necessary to operate qualified tangible
2 personal property; and all other tangible personal
3 property that is essential to the operations of a computer
4 data center. The term "qualified tangible personal
5 property" also includes building materials physically
6 incorporated in to the qualifying data center. To document
7 the exemption allowed under this Section, the retailer
8 must obtain from the purchaser a copy of the certificate
9 of eligibility issued by the Department of Commerce and
10 Economic Opportunity.

11 This item (32) is exempt from the provisions of Section
12 3-55.

13 (33) Tangible personal property for which a certificate of
14 exemption has been issued under Section 2505-805 of the
15 Department of Revenue Law of the Civil Administrative Code of
16 Illinois. This paragraph is exempt from the provisions of
17 Section 3-55.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
19 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

20 Section 25. The Retailers' Occupation Tax Act is amended
21 by changing Section 2-5 as follows:

22 (35 ILCS 120/2-5)

23 Sec. 2-5. Exemptions. Gross receipts from proceeds from
24 the sale of the following tangible personal property are

1 exempt from the tax imposed by this Act:

2 (1) Farm chemicals.

3 (2) Farm machinery and equipment, both new and used,
4 including that manufactured on special order, certified by
5 the purchaser to be used primarily for production
6 agriculture or State or federal agricultural programs,
7 including individual replacement parts for the machinery
8 and equipment, including machinery and equipment purchased
9 for lease, and including implements of husbandry defined
10 in Section 1-130 of the Illinois Vehicle Code, farm
11 machinery and agricultural chemical and fertilizer
12 spreaders, and nurse wagons required to be registered
13 under Section 3-809 of the Illinois Vehicle Code, but
14 excluding other motor vehicles required to be registered
15 under the Illinois Vehicle Code. Horticultural polyhouses
16 or hoop houses used for propagating, growing, or
17 overwintering plants shall be considered farm machinery
18 and equipment under this item (2). Agricultural chemical
19 tender tanks and dry boxes shall include units sold
20 separately from a motor vehicle required to be licensed
21 and units sold mounted on a motor vehicle required to be
22 licensed, if the selling price of the tender is separately
23 stated.

24 Farm machinery and equipment shall include precision
25 farming equipment that is installed or purchased to be
26 installed on farm machinery and equipment including, but

1 not limited to, tractors, harvesters, sprayers, planters,
2 seeders, or spreaders. Precision farming equipment
3 includes, but is not limited to, soil testing sensors,
4 computers, monitors, software, global positioning and
5 mapping systems, and other such equipment.

6 Farm machinery and equipment also includes computers,
7 sensors, software, and related equipment used primarily in
8 the computer-assisted operation of production agriculture
9 facilities, equipment, and activities such as, but not
10 limited to, the collection, monitoring, and correlation of
11 animal and crop data for the purpose of formulating animal
12 diets and agricultural chemicals. This item (2) is exempt
13 from the provisions of Section 2-70.

14 (3) Until July 1, 2003, distillation machinery and
15 equipment, sold as a unit or kit, assembled or installed
16 by the retailer, certified by the user to be used only for
17 the production of ethyl alcohol that will be used for
18 consumption as motor fuel or as a component of motor fuel
19 for the personal use of the user, and not subject to sale
20 or resale.

21 (4) Until July 1, 2003 and beginning again September
22 1, 2004 through August 30, 2014, graphic arts machinery
23 and equipment, including repair and replacement parts,
24 both new and used, and including that manufactured on
25 special order or purchased for lease, certified by the
26 purchaser to be used primarily for graphic arts

1 production. Equipment includes chemicals or chemicals
2 acting as catalysts but only if the chemicals or chemicals
3 acting as catalysts effect a direct and immediate change
4 upon a graphic arts product. Beginning on July 1, 2017,
5 graphic arts machinery and equipment is included in the
6 manufacturing and assembling machinery and equipment
7 exemption under paragraph (14).

8 (5) A motor vehicle that is used for automobile
9 renting, as defined in the Automobile Renting Occupation
10 and Use Tax Act. This paragraph is exempt from the
11 provisions of Section 2-70.

12 (6) Personal property sold by a teacher-sponsored
13 student organization affiliated with an elementary or
14 secondary school located in Illinois.

15 (7) Until July 1, 2003, proceeds of that portion of
16 the selling price of a passenger car the sale of which is
17 subject to the Replacement Vehicle Tax.

18 (8) Personal property sold to an Illinois county fair
19 association for use in conducting, operating, or promoting
20 the county fair.

21 (9) Personal property sold to a not-for-profit arts or
22 cultural organization that establishes, by proof required
23 by the Department by rule, that it has received an
24 exemption under Section 501(c)(3) of the Internal Revenue
25 Code and that is organized and operated primarily for the
26 presentation or support of arts or cultural programming,

1 activities, or services. These organizations include, but
2 are not limited to, music and dramatic arts organizations
3 such as symphony orchestras and theatrical groups, arts
4 and cultural service organizations, local arts councils,
5 visual arts organizations, and media arts organizations.
6 On and after July 1, 2001 (the effective date of Public Act
7 92-35), however, an entity otherwise eligible for this
8 exemption shall not make tax-free purchases unless it has
9 an active identification number issued by the Department.

10 (10) Personal property sold by a corporation, society,
11 association, foundation, institution, or organization,
12 other than a limited liability company, that is organized
13 and operated as a not-for-profit service enterprise for
14 the benefit of persons 65 years of age or older if the
15 personal property was not purchased by the enterprise for
16 the purpose of resale by the enterprise.

17 (11) Personal property sold to a governmental body, to
18 a corporation, society, association, foundation, or
19 institution organized and operated exclusively for
20 charitable, religious, or educational purposes, or to a
21 not-for-profit corporation, society, association,
22 foundation, institution, or organization that has no
23 compensated officers or employees and that is organized
24 and operated primarily for the recreation of persons 55
25 years of age or older. A limited liability company may
26 qualify for the exemption under this paragraph only if the

1 limited liability company is organized and operated
2 exclusively for educational purposes. On and after July 1,
3 1987, however, no entity otherwise eligible for this
4 exemption shall make tax-free purchases unless it has an
5 active identification number issued by the Department.

6 (12) (Blank).

7 (12-5) On and after July 1, 2003 and through June 30,
8 2004, motor vehicles of the second division with a gross
9 vehicle weight in excess of 8,000 pounds that are subject
10 to the commercial distribution fee imposed under Section
11 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
12 2004 and through June 30, 2005, the use in this State of
13 motor vehicles of the second division: (i) with a gross
14 vehicle weight rating in excess of 8,000 pounds; (ii) that
15 are subject to the commercial distribution fee imposed
16 under Section 3-815.1 of the Illinois Vehicle Code; and
17 (iii) that are primarily used for commercial purposes.
18 Through June 30, 2005, this exemption applies to repair
19 and replacement parts added after the initial purchase of
20 such a motor vehicle if that motor vehicle is used in a
21 manner that would qualify for the rolling stock exemption
22 otherwise provided for in this Act. For purposes of this
23 paragraph, "used for commercial purposes" means the
24 transportation of persons or property in furtherance of
25 any commercial or industrial enterprise whether for-hire
26 or not.

1 (13) Proceeds from sales to owners, lessors, or
2 shippers of tangible personal property that is utilized by
3 interstate carriers for hire for use as rolling stock
4 moving in interstate commerce and equipment operated by a
5 telecommunications provider, licensed as a common carrier
6 by the Federal Communications Commission, which is
7 permanently installed in or affixed to aircraft moving in
8 interstate commerce.

9 (14) Machinery and equipment that will be used by the
10 purchaser, or a lessee of the purchaser, primarily in the
11 process of manufacturing or assembling tangible personal
12 property for wholesale or retail sale or lease, whether
13 the sale or lease is made directly by the manufacturer or
14 by some other person, whether the materials used in the
15 process are owned by the manufacturer or some other
16 person, or whether the sale or lease is made apart from or
17 as an incident to the seller's engaging in the service
18 occupation of producing machines, tools, dies, jigs,
19 patterns, gauges, or other similar items of no commercial
20 value on special order for a particular purchaser. The
21 exemption provided by this paragraph (14) does not include
22 machinery and equipment used in (i) the generation of
23 electricity for wholesale or retail sale; (ii) the
24 generation or treatment of natural or artificial gas for
25 wholesale or retail sale that is delivered to customers
26 through pipes, pipelines, or mains; or (iii) the treatment

1 of water for wholesale or retail sale that is delivered to
2 customers through pipes, pipelines, or mains. The
3 provisions of Public Act 98-583 are declaratory of
4 existing law as to the meaning and scope of this
5 exemption. Beginning on July 1, 2017, the exemption
6 provided by this paragraph (14) includes, but is not
7 limited to, graphic arts machinery and equipment, as
8 defined in paragraph (4) of this Section.

9 (15) Proceeds of mandatory service charges separately
10 stated on customers' bills for purchase and consumption of
11 food and beverages, to the extent that the proceeds of the
12 service charge are in fact turned over as tips or as a
13 substitute for tips to the employees who participate
14 directly in preparing, serving, hosting or cleaning up the
15 food or beverage function with respect to which the
16 service charge is imposed.

17 (16) Tangible personal property sold to a purchaser if
18 the purchaser is exempt from use tax by operation of
19 federal law. This paragraph is exempt from the provisions
20 of Section 2-70.

21 (17) Tangible personal property sold to a common
22 carrier by rail or motor that receives the physical
23 possession of the property in Illinois and that transports
24 the property, or shares with another common carrier in the
25 transportation of the property, out of Illinois on a
26 standard uniform bill of lading showing the seller of the

1 property as the shipper or consignor of the property to a
2 destination outside Illinois, for use outside Illinois.

3 (18) Legal tender, currency, medallions, or gold or
4 silver coinage issued by the State of Illinois, the
5 government of the United States of America, or the
6 government of any foreign country, and bullion.

7 (19) Until July 1, 2003, oil field exploration,
8 drilling, and production equipment, including (i) rigs and
9 parts of rigs, rotary rigs, cable tool rigs, and workover
10 rigs, (ii) pipe and tubular goods, including casing and
11 drill strings, (iii) pumps and pump-jack units, (iv)
12 storage tanks and flow lines, (v) any individual
13 replacement part for oil field exploration, drilling, and
14 production equipment, and (vi) machinery and equipment
15 purchased for lease; but excluding motor vehicles required
16 to be registered under the Illinois Vehicle Code.

17 (20) Photoprocessing machinery and equipment,
18 including repair and replacement parts, both new and used,
19 including that manufactured on special order, certified by
20 the purchaser to be used primarily for photoprocessing,
21 and including photoprocessing machinery and equipment
22 purchased for lease.

23 (21) Until July 1, 2023, coal and aggregate
24 exploration, mining, off-highway hauling, processing,
25 maintenance, and reclamation equipment, including
26 replacement parts and equipment, and including equipment

1 purchased for lease, but excluding motor vehicles required
2 to be registered under the Illinois Vehicle Code. The
3 changes made to this Section by Public Act 97-767 apply on
4 and after July 1, 2003, but no claim for credit or refund
5 is allowed on or after August 16, 2013 (the effective date
6 of Public Act 98-456) for such taxes paid during the
7 period beginning July 1, 2003 and ending on August 16,
8 2013 (the effective date of Public Act 98-456).

9 (22) Until June 30, 2013, fuel and petroleum products
10 sold to or used by an air carrier, certified by the carrier
11 to be used for consumption, shipment, or storage in the
12 conduct of its business as an air common carrier, for a
13 flight destined for or returning from a location or
14 locations outside the United States without regard to
15 previous or subsequent domestic stopovers.

16 Beginning July 1, 2013, fuel and petroleum products
17 sold to or used by an air carrier, certified by the carrier
18 to be used for consumption, shipment, or storage in the
19 conduct of its business as an air common carrier, for a
20 flight that (i) is engaged in foreign trade or is engaged
21 in trade between the United States and any of its
22 possessions and (ii) transports at least one individual or
23 package for hire from the city of origination to the city
24 of final destination on the same aircraft, without regard
25 to a change in the flight number of that aircraft.

26 (23) A transaction in which the purchase order is

1 received by a florist who is located outside Illinois, but
2 who has a florist located in Illinois deliver the property
3 to the purchaser or the purchaser's donee in Illinois.

4 (24) Fuel consumed or used in the operation of ships,
5 barges, or vessels that are used primarily in or for the
6 transportation of property or the conveyance of persons
7 for hire on rivers bordering on this State if the fuel is
8 delivered by the seller to the purchaser's barge, ship, or
9 vessel while it is afloat upon that bordering river.

10 (25) Except as provided in item (25-5) of this
11 Section, a motor vehicle sold in this State to a
12 nonresident even though the motor vehicle is delivered to
13 the nonresident in this State, if the motor vehicle is not
14 to be titled in this State, and if a drive-away permit is
15 issued to the motor vehicle as provided in Section 3-603
16 of the Illinois Vehicle Code or if the nonresident
17 purchaser has vehicle registration plates to transfer to
18 the motor vehicle upon returning to his or her home state.
19 The issuance of the drive-away permit or having the
20 out-of-state registration plates to be transferred is
21 prima facie evidence that the motor vehicle will not be
22 titled in this State.

23 (25-5) The exemption under item (25) does not apply if
24 the state in which the motor vehicle will be titled does
25 not allow a reciprocal exemption for a motor vehicle sold
26 and delivered in that state to an Illinois resident but

1 titled in Illinois. The tax collected under this Act on
2 the sale of a motor vehicle in this State to a resident of
3 another state that does not allow a reciprocal exemption
4 shall be imposed at a rate equal to the state's rate of tax
5 on taxable property in the state in which the purchaser is
6 a resident, except that the tax shall not exceed the tax
7 that would otherwise be imposed under this Act. At the
8 time of the sale, the purchaser shall execute a statement,
9 signed under penalty of perjury, of his or her intent to
10 title the vehicle in the state in which the purchaser is a
11 resident within 30 days after the sale and of the fact of
12 the payment to the State of Illinois of tax in an amount
13 equivalent to the state's rate of tax on taxable property
14 in his or her state of residence and shall submit the
15 statement to the appropriate tax collection agency in his
16 or her state of residence. In addition, the retailer must
17 retain a signed copy of the statement in his or her
18 records. Nothing in this item shall be construed to
19 require the removal of the vehicle from this state
20 following the filing of an intent to title the vehicle in
21 the purchaser's state of residence if the purchaser titles
22 the vehicle in his or her state of residence within 30 days
23 after the date of sale. The tax collected under this Act in
24 accordance with this item (25-5) shall be proportionately
25 distributed as if the tax were collected at the 6.25%
26 general rate imposed under this Act.

1 (25-7) Beginning on July 1, 2007, no tax is imposed
2 under this Act on the sale of an aircraft, as defined in
3 Section 3 of the Illinois Aeronautics Act, if all of the
4 following conditions are met:

5 (1) the aircraft leaves this State within 15 days
6 after the later of either the issuance of the final
7 billing for the sale of the aircraft, or the
8 authorized approval for return to service, completion
9 of the maintenance record entry, and completion of the
10 test flight and ground test for inspection, as
11 required by 14 C.F.R. 91.407;

12 (2) the aircraft is not based or registered in
13 this State after the sale of the aircraft; and

14 (3) the seller retains in his or her books and
15 records and provides to the Department a signed and
16 dated certification from the purchaser, on a form
17 prescribed by the Department, certifying that the
18 requirements of this item (25-7) are met. The
19 certificate must also include the name and address of
20 the purchaser, the address of the location where the
21 aircraft is to be titled or registered, the address of
22 the primary physical location of the aircraft, and
23 other information that the Department may reasonably
24 require.

25 For purposes of this item (25-7):

26 "Based in this State" means hangared, stored, or

1 otherwise used, excluding post-sale customizations as
2 defined in this Section, for 10 or more days in each
3 12-month period immediately following the date of the sale
4 of the aircraft.

5 "Registered in this State" means an aircraft
6 registered with the Department of Transportation,
7 Aeronautics Division, or titled or registered with the
8 Federal Aviation Administration to an address located in
9 this State.

10 This paragraph (25-7) is exempt from the provisions of
11 Section 2-70.

12 (26) Semen used for artificial insemination of
13 livestock for direct agricultural production.

14 (27) Horses, or interests in horses, registered with
15 and meeting the requirements of any of the Arabian Horse
16 Club Registry of America, Appaloosa Horse Club, American
17 Quarter Horse Association, United States Trotting
18 Association, or Jockey Club, as appropriate, used for
19 purposes of breeding or racing for prizes. This item (27)
20 is exempt from the provisions of Section 2-70, and the
21 exemption provided for under this item (27) applies for
22 all periods beginning May 30, 1995, but no claim for
23 credit or refund is allowed on or after January 1, 2008
24 (the effective date of Public Act 95-88) for such taxes
25 paid during the period beginning May 30, 2000 and ending
26 on January 1, 2008 (the effective date of Public Act

1 95-88).

2 (28) Computers and communications equipment utilized
3 for any hospital purpose and equipment used in the
4 diagnosis, analysis, or treatment of hospital patients
5 sold to a lessor who leases the equipment, under a lease of
6 one year or longer executed or in effect at the time of the
7 purchase, to a hospital that has been issued an active tax
8 exemption identification number by the Department under
9 Section 1g of this Act.

10 (29) Personal property sold to a lessor who leases the
11 property, under a lease of one year or longer executed or
12 in effect at the time of the purchase, to a governmental
13 body that has been issued an active tax exemption
14 identification number by the Department under Section 1g
15 of this Act.

16 (30) Beginning with taxable years ending on or after
17 December 31, 1995 and ending with taxable years ending on
18 or before December 31, 2004, personal property that is
19 donated for disaster relief to be used in a State or
20 federally declared disaster area in Illinois or bordering
21 Illinois by a manufacturer or retailer that is registered
22 in this State to a corporation, society, association,
23 foundation, or institution that has been issued a sales
24 tax exemption identification number by the Department that
25 assists victims of the disaster who reside within the
26 declared disaster area.

1 (31) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on
3 or before December 31, 2004, personal property that is
4 used in the performance of infrastructure repairs in this
5 State, including but not limited to municipal roads and
6 streets, access roads, bridges, sidewalks, waste disposal
7 systems, water and sewer line extensions, water
8 distribution and purification facilities, storm water
9 drainage and retention facilities, and sewage treatment
10 facilities, resulting from a State or federally declared
11 disaster in Illinois or bordering Illinois when such
12 repairs are initiated on facilities located in the
13 declared disaster area within 6 months after the disaster.

14 (32) Beginning July 1, 1999, game or game birds sold
15 at a "game breeding and hunting preserve area" as that
16 term is used in the Wildlife Code. This paragraph is
17 exempt from the provisions of Section 2-70.

18 (33) A motor vehicle, as that term is defined in
19 Section 1-146 of the Illinois Vehicle Code, that is
20 donated to a corporation, limited liability company,
21 society, association, foundation, or institution that is
22 determined by the Department to be organized and operated
23 exclusively for educational purposes. For purposes of this
24 exemption, "a corporation, limited liability company,
25 society, association, foundation, or institution organized
26 and operated exclusively for educational purposes" means

1 all tax-supported public schools, private schools that
2 offer systematic instruction in useful branches of
3 learning by methods common to public schools and that
4 compare favorably in their scope and intensity with the
5 course of study presented in tax-supported schools, and
6 vocational or technical schools or institutes organized
7 and operated exclusively to provide a course of study of
8 not less than 6 weeks duration and designed to prepare
9 individuals to follow a trade or to pursue a manual,
10 technical, mechanical, industrial, business, or commercial
11 occupation.

12 (34) Beginning January 1, 2000, personal property,
13 including food, purchased through fundraising events for
14 the benefit of a public or private elementary or secondary
15 school, a group of those schools, or one or more school
16 districts if the events are sponsored by an entity
17 recognized by the school district that consists primarily
18 of volunteers and includes parents and teachers of the
19 school children. This paragraph does not apply to
20 fundraising events (i) for the benefit of private home
21 instruction or (ii) for which the fundraising entity
22 purchases the personal property sold at the events from
23 another individual or entity that sold the property for
24 the purpose of resale by the fundraising entity and that
25 profits from the sale to the fundraising entity. This
26 paragraph is exempt from the provisions of Section 2-70.

1 (35) Beginning January 1, 2000 and through December
2 31, 2001, new or used automatic vending machines that
3 prepare and serve hot food and beverages, including
4 coffee, soup, and other items, and replacement parts for
5 these machines. Beginning January 1, 2002 and through June
6 30, 2003, machines and parts for machines used in
7 commercial, coin-operated amusement and vending business
8 if a use or occupation tax is paid on the gross receipts
9 derived from the use of the commercial, coin-operated
10 amusement and vending machines. This paragraph is exempt
11 from the provisions of Section 2-70.

12 (35-5) Beginning August 23, 2001 and through June 30,
13 2016, food for human consumption that is to be consumed
14 off the premises where it is sold (other than alcoholic
15 beverages, soft drinks, and food that has been prepared
16 for immediate consumption) and prescription and
17 nonprescription medicines, drugs, medical appliances, and
18 insulin, urine testing materials, syringes, and needles
19 used by diabetics, for human use, when purchased for use
20 by a person receiving medical assistance under Article V
21 of the Illinois Public Aid Code who resides in a licensed
22 long-term care facility, as defined in the Nursing Home
23 Care Act, or a licensed facility as defined in the ID/DD
24 Community Care Act, the MC/DD Act, or the Specialized
25 Mental Health Rehabilitation Act of 2013.

26 (36) Beginning August 2, 2001, computers and

1 communications equipment utilized for any hospital purpose
2 and equipment used in the diagnosis, analysis, or
3 treatment of hospital patients sold to a lessor who leases
4 the equipment, under a lease of one year or longer
5 executed or in effect at the time of the purchase, to a
6 hospital that has been issued an active tax exemption
7 identification number by the Department under Section 1g
8 of this Act. This paragraph is exempt from the provisions
9 of Section 2-70.

10 (37) Beginning August 2, 2001, personal property sold
11 to a lessor who leases the property, under a lease of one
12 year or longer executed or in effect at the time of the
13 purchase, to a governmental body that has been issued an
14 active tax exemption identification number by the
15 Department under Section 1g of this Act. This paragraph is
16 exempt from the provisions of Section 2-70.

17 (38) Beginning on January 1, 2002 and through June 30,
18 2016, tangible personal property purchased from an
19 Illinois retailer by a taxpayer engaged in centralized
20 purchasing activities in Illinois who will, upon receipt
21 of the property in Illinois, temporarily store the
22 property in Illinois (i) for the purpose of subsequently
23 transporting it outside this State for use or consumption
24 thereafter solely outside this State or (ii) for the
25 purpose of being processed, fabricated, or manufactured
26 into, attached to, or incorporated into other tangible

1 personal property to be transported outside this State and
2 thereafter used or consumed solely outside this State. The
3 Director of Revenue shall, pursuant to rules adopted in
4 accordance with the Illinois Administrative Procedure Act,
5 issue a permit to any taxpayer in good standing with the
6 Department who is eligible for the exemption under this
7 paragraph (38). The permit issued under this paragraph
8 (38) shall authorize the holder, to the extent and in the
9 manner specified in the rules adopted under this Act, to
10 purchase tangible personal property from a retailer exempt
11 from the taxes imposed by this Act. Taxpayers shall
12 maintain all necessary books and records to substantiate
13 the use and consumption of all such tangible personal
14 property outside of the State of Illinois.

15 (39) Beginning January 1, 2008, tangible personal
16 property used in the construction or maintenance of a
17 community water supply, as defined under Section 3.145 of
18 the Environmental Protection Act, that is operated by a
19 not-for-profit corporation that holds a valid water supply
20 permit issued under Title IV of the Environmental
21 Protection Act. This paragraph is exempt from the
22 provisions of Section 2-70.

23 (40) Beginning January 1, 2010 and continuing through
24 December 31, 2024, materials, parts, equipment,
25 components, and furnishings incorporated into or upon an
26 aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used
3 in the modification, refurbishment, completion,
4 replacement, repair, and maintenance of aircraft, but
5 excludes any materials, parts, equipment, components, and
6 consumable supplies used in the modification, replacement,
7 repair, and maintenance of aircraft engines or power
8 plants, whether such engines or power plants are installed
9 or uninstalled upon any such aircraft. "Consumable
10 supplies" include, but are not limited to, adhesive, tape,
11 sandpaper, general purpose lubricants, cleaning solution,
12 latex gloves, and protective films. This exemption applies
13 only to the sale of qualifying tangible personal property
14 to persons who modify, refurbish, complete, replace, or
15 maintain an aircraft and who (i) hold an Air Agency
16 Certificate and are empowered to operate an approved
17 repair station by the Federal Aviation Administration,
18 (ii) have a Class IV Rating, and (iii) conduct operations
19 in accordance with Part 145 of the Federal Aviation
20 Regulations. The exemption does not include aircraft
21 operated by a commercial air carrier providing scheduled
22 passenger air service pursuant to authority issued under
23 Part 121 or Part 129 of the Federal Aviation Regulations.
24 The changes made to this paragraph (40) by Public Act
25 98-534 are declarative of existing law. It is the intent
26 of the General Assembly that the exemption under this

1 paragraph (40) applies continuously from January 1, 2010
2 through December 31, 2024; however, no claim for credit or
3 refund is allowed for taxes paid as a result of the
4 disallowance of this exemption on or after January 1, 2015
5 and prior to the effective date of this amendatory Act of
6 the 101st General Assembly.

7 (41) Tangible personal property sold to a
8 public-facilities corporation, as described in Section
9 11-65-10 of the Illinois Municipal Code, for purposes of
10 constructing or furnishing a municipal convention hall,
11 but only if the legal title to the municipal convention
12 hall is transferred to the municipality without any
13 further consideration by or on behalf of the municipality
14 at the time of the completion of the municipal convention
15 hall or upon the retirement or redemption of any bonds or
16 other debt instruments issued by the public-facilities
17 corporation in connection with the development of the
18 municipal convention hall. This exemption includes
19 existing public-facilities corporations as provided in
20 Section 11-65-25 of the Illinois Municipal Code. This
21 paragraph is exempt from the provisions of Section 2-70.

22 (42) Beginning January 1, 2017 and through December
23 31, 2026, menstrual pads, tampons, and menstrual cups.

24 (43) Merchandise that is subject to the Rental
25 Purchase Agreement Occupation and Use Tax. The purchaser
26 must certify that the item is purchased to be rented

1 subject to a rental purchase agreement, as defined in the
2 Rental Purchase Agreement Act, and provide proof of
3 registration under the Rental Purchase Agreement
4 Occupation and Use Tax Act. This paragraph is exempt from
5 the provisions of Section 2-70.

6 (44) Qualified tangible personal property used in the
7 construction or operation of a data center that has been
8 granted a certificate of exemption by the Department of
9 Commerce and Economic Opportunity, whether that tangible
10 personal property is purchased by the owner, operator, or
11 tenant of the data center or by a contractor or
12 subcontractor of the owner, operator, or tenant. Data
13 centers that would have qualified for a certificate of
14 exemption prior to January 1, 2020 had this amendatory Act
15 of the 101st General Assembly been in effect, may apply
16 for and obtain an exemption for subsequent purchases of
17 computer equipment or enabling software purchased or
18 leased to upgrade, supplement, or replace computer
19 equipment or enabling software purchased or leased in the
20 original investment that would have qualified.

21 The Department of Commerce and Economic Opportunity
22 shall grant a certificate of exemption under this item
23 (44) to qualified data centers as defined by Section
24 605-1025 of the Department of Commerce and Economic
25 Opportunity Law of the Civil Administrative Code of
26 Illinois.

1 For the purposes of this item (44):

2 "Data center" means a building or a series of
3 buildings rehabilitated or constructed to house
4 working servers in one physical location or multiple
5 sites within the State of Illinois.

6 "Qualified tangible personal property" means:
7 electrical systems and equipment; climate control and
8 chilling equipment and systems; mechanical systems and
9 equipment; monitoring and secure systems; emergency
10 generators; hardware; computers; servers; data storage
11 devices; network connectivity equipment; racks;
12 cabinets; telecommunications cabling infrastructure;
13 raised floor systems; peripheral components or
14 systems; software; mechanical, electrical, or plumbing
15 systems; battery systems; cooling systems and towers;
16 temperature control systems; other cabling; and other
17 data center infrastructure equipment and systems
18 necessary to operate qualified tangible personal
19 property, including fixtures; and component parts of
20 any of the foregoing, including installation,
21 maintenance, repair, refurbishment, and replacement of
22 qualified tangible personal property to generate,
23 transform, transmit, distribute, or manage electricity
24 necessary to operate qualified tangible personal
25 property; and all other tangible personal property
26 that is essential to the operations of a computer data

1 center. The term "qualified tangible personal
2 property" also includes building materials physically
3 incorporated into ~~in to~~ the qualifying data center. To
4 document the exemption allowed under this Section, the
5 retailer must obtain from the purchaser a copy of the
6 certificate of eligibility issued by the Department of
7 Commerce and Economic Opportunity.

8 This item (44) is exempt from the provisions of
9 Section 2-70.

10 (45) Beginning January 1, 2020 and through December
11 31, 2020, sales of tangible personal property made by a
12 marketplace seller over a marketplace for which tax is due
13 under this Act but for which use tax has been collected and
14 remitted to the Department by a marketplace facilitator
15 under Section 2d of the Use Tax Act are exempt from tax
16 under this Act. A marketplace seller claiming this
17 exemption shall maintain books and records demonstrating
18 that the use tax on such sales has been collected and
19 remitted by a marketplace facilitator. Marketplace sellers
20 that have properly remitted tax under this Act on such
21 sales may file a claim for credit as provided in Section 6
22 of this Act. No claim is allowed, however, for such taxes
23 for which a credit or refund has been issued to the
24 marketplace facilitator under the Use Tax Act, or for
25 which the marketplace facilitator has filed a claim for
26 credit or refund under the Use Tax Act.

1 (45) Tangible personal property for which a
2 certificate of exemption has been issued under Section
3 2505-805 of the Department of Revenue Law of the Civil
4 Administrative Code of Illinois. This paragraph is exempt
5 from the provisions of Section 2-70.

6 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
7 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
8 8-27-21; revised 11-9-21.)

9 Section 30. The Counties Code is amended by adding Section
10 5-1188 as follows:

11 (55 ILCS 5/5-1188 new)

12 Sec. 5-1188. Exemption for materials, equipment, or
13 supplies of a bid. Tangible personal property for which a
14 certificate of exemption has been issued under Section
15 2505-805 of the Department of Revenue Law of the Civil
16 Administrative Code of Illinois is exempt from any use or
17 occupation tax imposed by a county under this Code.

18 Section 35. The Illinois Municipal Code is amended by
19 adding Section 8-1-19 as follows:

20 (65 ILCS 5/8-1-19 new)

21 Sec. 8-1-19. Exemption for materials, equipment, or
22 supplies of a bid. Tangible personal property for which a

1 certificate of exemption has been issued under Section
2 2505-805 of the Department of Revenue Law of the Civil
3 Administrative Code of Illinois is exempt from any use or
4 occupation tax imposed by a municipality under this Code.

5 Section 40. The Civic Center Code is amended by adding
6 Section 245-13 as follows:

7 (70 ILCS 200/245-13 new)

8 Sec. 245-13. Exemption for materials, equipment, or
9 supplies of a bid. Tangible personal property for which a
10 certificate of exemption has been issued under Section
11 2505-805 of the Department of Revenue Law of the Civil
12 Administrative Code of Illinois is exempt from any use or
13 occupation tax imposed under this Article.

14 Section 45. The Metropolitan Pier and Exposition Authority
15 Act is amended by adding Section 13.4 as follows:

16 (70 ILCS 210/13.4 new)

17 Sec. 13.4. Exemption for materials, equipment, or supplies
18 of a bid. Tangible personal property for which a certificate
19 of exemption has been issued under Section 2505-805 of the
20 Department of Revenue Law of the Civil Administrative Code of
21 Illinois is exempt from any use or occupation tax imposed
22 under this Act.

1 Section 50. The Flood Prevention District Act is amended
2 by adding Section 27 as follows:

3 (70 ILCS 750/27 new)

4 Sec. 27. Exemption for materials, equipment, or supplies
5 of a bid. Tangible personal property for which a certificate
6 of exemption has been issued under Section 2505-805 of the
7 Department of Revenue Law of the Civil Administrative Code of
8 Illinois is exempt from any use or occupation tax imposed
9 under this Act.

10 Section 55. The Metro-East Park and Recreation District
11 Act is amended by adding Section 32 as follows:

12 (70 ILCS 1605/32 new)

13 Sec. 32. Exemption for materials, equipment, or supplies
14 of a bid. Tangible personal property for which a certificate
15 of exemption has been issued under Section 2505-805 of the
16 Department of Revenue Law of the Civil Administrative Code of
17 Illinois is exempt from any use or occupation tax imposed
18 under this Act.

19 Section 60. The Local Mass Transit District Act is amended
20 by adding Section 5.7 as follows:

1 (70 ILCS 3610/5.7 new)

2 Sec. 5.7. Exemption for materials, equipment, or supplies
3 of a bid. Tangible personal property for which a certificate
4 of exemption has been issued under Section 2505-805 of the
5 Department of Revenue Law of the Civil Administrative Code of
6 Illinois is exempt from any use or occupation tax imposed
7 under this Act.

8 Section 65. The Regional Transportation Authority Act is
9 amended by adding Section 4.17 as follows:

10 (70 ILCS 3615/4.17 new)

11 Sec. 4.17. Exemption for materials, equipment, or supplies
12 of a bid. Tangible personal property for which a certificate
13 of exemption has been issued under Section 2505-805 of the
14 Department of Revenue Law of the Civil Administrative Code of
15 Illinois is exempt from any use or occupation tax imposed
16 under this Act.

17 Section 70. The Water Commission Act of 1985 is amended by
18 adding Section 4.5 as follows:

19 (70 ILCS 3720/4.5 new)

20 Sec. 4.5. Exemption for materials, equipment, or supplies
21 of a bid. Tangible personal property for which a certificate
22 of exemption has been issued under Section 2505-805 of the

1 Department of Revenue Law of the Civil Administrative Code of
2 Illinois is exempt from any use or occupation tax imposed
3 under this Act.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 20 ILCS 2505/2505-805 new

4 35 ILCS 105/3-5

5 35 ILCS 110/3-5

6 35 ILCS 115/3-5

7 35 ILCS 120/2-5

8 55 ILCS 5/5-1188 new

9 65 ILCS 5/8-1-19 new

10 70 ILCS 200/245-13 new

11 70 ILCS 210/13.4 new

12 70 ILCS 750/27 new

13 70 ILCS 1605/32 new

14 70 ILCS 3610/5.7 new

15 70 ILCS 3615/4.17 new

16 70 ILCS 3720/4.5 new